



GREEN MOUNTAIN POWER

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April 4, 2008

VIA EMAIL

Susan Hudson, Clerk
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, Vt 05602

Re: Request for Comments on Budget Estimates to be Used by EEU in Paragraph
61 Activities

Dear Mrs. Hudson:

The following comments are provided by Green Mountain Power Corporation ("GMP") in response to the Public Service Board's ("Board") March 12, 2008 request regarding the Energy Efficiency Utility's ("EEU") 20-year forecast of expected energy efficiency savings.

The Board first asks what budget estimates the EEU should use for the purpose of preparing its 20-year forecast of energy efficiency savings. GMP recognizes that future budget setting for the EEU will incorporate a range of considerations which may include reasons for either increasing or decreasing the EEU budget. GMP believes that the 20-year forecast in question should not influence future budget-setting proceedings and that there is not presently a compelling basis to assume substantial increases or decreases in Vermont's efficiency spending levels. GMP therefore believes the EEU should use 2008 budget levels, with modest inflation-based increases, as the basis for its 20-year forecast of energy efficiency savings.

The Board's second question asks whether the EEU should assume there will be geographic targeting when it performs the forecast, and if so, how the EEU should do that. Similarly, GMP believes that since geo-targeting currently exists the EEU should use 2008 budget levels with modest inflation-based increases in order to accomplish its 20-year forecast. GMP recognizes that geo-targeting has been implemented for a relatively short time, and that it is too early to assess its

effectiveness. There does not appear to be a basis to conclude that efficiency spending that is devoted to geo-targeting should be substantially increased or decreased. GMP therefore recommends that the EEU develop its long-term efficiency forecast based on the assumption that the current ratio of efficiency spending devoted to geo-targeting will remain constant over time. The forecast will presumably need to make assumptions with respect to where the geo-targeting is applied (i.e., will it be focused consistently on a few selected areas over 20 years, or will it effectively rotate across numerous areas?). GMP does not have a specific recommendation on this point; we simply recommend that the EEU use its best judgment and explain the key assumptions that are made and the associated implications.

Thank you for the opportunity to comment. If you have any questions about these comments or if we can provide additional information to assist the Board, please let me know.

Sincerely,

David P. Martin

David P. Martin

cc: Parties to PSB Docket No. 7081